

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

April 13, 2007

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

STATEWIDE

Amend Prior Board Actions of August 28, 1998 (D-16), Request to Approve Business, Commercial, Industrial and Resort Application and Qualification Questionnaire Process for Prospective Bidders Interested In Leases Sold at Public Auction

BACKGROUND:

At its August 28, 1998 meeting, under agenda item D-16, the Board approved staff's recommendation to (1) approve the Public Auction Bid Packet for State land leases (for Agricultural, Pasture, Business, Commercial, Industrial and Resort) for the purpose of screening and evaluating the qualifications of prospective bidders for State leases sold at public auctions statewide and (2) delegated to the Chairperson the authority to revise the Bid packet and qualification process as he sees fit to best serve the interests of the State. The Board amended its approval by making some specific language and content changes to Exhibit C, and added a condition C to read:

- C. The results of the first use of the evaluation criteria for Business, Commercial, Industrial and Resort Applications be reported to the Board for information purposes.

Staff has been reporting the results of any public auction to the Board whenever a District Office holds a public auction.

PROBLEM:

In 2006 the Division advertised a public auction for 2 State industrial leases in Waikele. The term was for 65 years. One lease upset minimum annual lease rent was \$182,560 and the second lease upset minimum annual lease rent was \$146,020. The successful bidder would be required within 3 years from the commencement date to complete construction of improvements having a value of not less than \$3,000,000.

The Division received an application for both leases. Staff had to automatically qualify the prospective bidder because

they had answered Question No. 10 and provided evidence of a \$131,000 loan. Prospective bidder was not required to provide any information in Part II. Qualifications and Experience, Part III. Business Plan, Part IV. Financial Capacity, and Part V. Criminal Convictions sections of the Application and Qualification Questionnaire. Later staff was able to ascertain the \$131,000 loan was a refinance of an equipment loan. This raised serious questions by staff if the prospective bidder had the financial resources to pay the rent (of \$182,560 or \$146,020) or complete the \$3,000,000 improvement requirement in 3 years. Additionally, if this prospective bidder could produce an equipment loan, our process could open the door for someone to produce a \$5,000 loan.

On the day of the public auction, the qualified prospective bidder was disqualified because they had not provided a current County tax clearance.

DISCUSSION:

Staff reviewed the 1998 approval. The intent was not to try to duplicate the financial review process that already was conducted by FDIC-insured institutions.

However, staff and/or the screening committee want to know if the prospective bidder has the Qualifications and Experience to conduct a business on the State property. In the above-mentioned situation, staff knew the prospective bidder was a tenant for another State agency and was in business since 1986, but had no information concerning the size of the operation such as annual sales, gross and net revenues, number of employees, etc. This type of information would reveal whether or not the prospective bidder is able to pay the upset rent of either \$182,560 or \$146,020.

A Business Plan helps determine what the prospective bidder is proposing to do on the State property. Again, in the above-mentioned situation, there was no information on what was planned for the property such as location and size of buildings or warehouses, parking areas, the improvement costs, the development schedule, how will the improvements be financed, subleasing, 5 year cash flow projections, etc.. This type of information would reveal whether or not the prospective bidder would be able to complete the \$3,000,000 improvements in 3 years. This section is very important because it determines if the prospective bidder is able to develop (improve) the property and has read the lease requirements.

Agriculture or pasture leases require the prospective bidder to qualify as a bona fide farmer/rancher pursuant Section 171-14.5, Hawaii Revised Statutes. If the prospective bidder

qualifies and provides evidence of a business loan, the prospective bidder does not have to complete the Business Plan, Financial Capacity or Criminal Convictions section of the Application. Again, staff and/or the screening committee would like to know what improvements will be made, at what cost, how will it be financed, 5 year cash flow projections, and a map showing the fencing, crop rows, internal roadways, structures, etc.. Again, this section is very important because it determines if the prospective bidder understands how to run an agriculture business and has read the lease requirements.

CONCLUSION:

Staff is requesting the Land Board to eliminate from the Application and Qualification Questionnaire (for agricultural, pasture, business, commercial, industrial or resort), Part I: General Information, question

10. Has the Applicant received a business loan within the last two years from an institution which is a member of the Federal Deposit Insurance Corporation (FDIC) or from any federal mortgage lending agency qualified to do business in Hawaii? If Yes, attach a copy of the loan agreement.

And re-locate this question to Part IV: Financial Capacity and re-number this as "d." Staff modified "If yes, attach a copy of the loan agreement and any other documentation to evidence the loan and purpose of the loan proceeds. This means the Applicant must show that the loan proceeds were used to fund/finance a business operation similar to those proposed by the Applicant. Staff did minor re-wording and elimination of misleading instructions in the Application and qualification Questionnaire (Exhibit A and B).

By eliminating any 'automatic qualifying', all prospective bidders for all types of State leases will have to complete all of the applicable sections of the Application and Qualification Questionnaire. This will provide staff and/or the screening committee with the necessary information to select the best-qualified bidders for State leases.

RECOMMENDATION: That the Board:

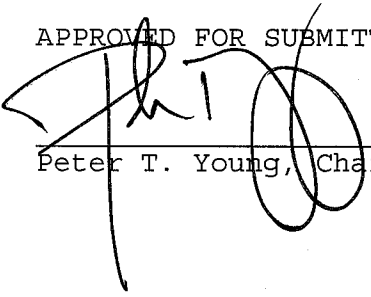
1. Amend its prior Board approval of August 28, 1998, under agenda item D-16, by approving the revised APPLICATION AND QUALIFICATION QUESTIONNAIRE hereby attached as Exhibit A and Exhibit B.

Respectfully Submitted,



Charlene E. Unoki
Assistant Administrator

APPROVED FOR SUBMITTAL:



Peter T. Young, Chairperson

Revised APPENDIX A

APPLICATION AND QUALIFICATION QUESTIONNAIRE

(Agricultural or Pasture)

EXHIBIT "A"

APPENDIX A

APPLICATION AND QUALIFICATION QUESTIONNAIRE (Agricultural or Pasture)

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number.

Part 1: General Information

1. Applicant's legal name: _____
Applicant's full mailing address: _____

2. Name of contact person: _____
Phone number: _____
3. Applicant intends to bid on the following parcels:
Item: _____ Location: _____
Intended use: _____
Item: _____ Location: _____
Intended use: _____
Item: _____ Location: _____
Intended use: _____
4. Applicant intends to hold title to the lease as:

Type of owner (check one): <input type="checkbox"/> Individual <input type="checkbox"/> Husband and Wife <input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Joint Venture <input type="checkbox"/> Partnership <input type="checkbox"/> Corporation		Tenancy (check one, if applicable): <input type="checkbox"/> Tenant in Severalty <input type="checkbox"/> Joint Tenants <input type="checkbox"/> Tenants in Common <input type="checkbox"/> Tenants by Entirety
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5. If Applicant is a partnership or joint venture, answer the following:
 - A. Name, address, & percentage share owned by each partner or joint venture member:

<u>Name</u>	<u>Address</u>	<u>Share</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
 - B. Date of Organization: _____
 - C. General or Limited Partnership (if applicable): _____

D. Recorded: _____
County State Date
E. Currently registered in Hawaii: Yes/No If Yes, as of: _____

6. If Applicant is a corporation, answer the following:

A. When incorporated: _____
B. In what state or country: _____
C. Authorized to do business in Hawaii: Yes/No If Yes, as of: _____
D. Provide the name, address and shares of stock for each **officer** of the corporation:

President: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Vice-President: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Secretary: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Treasurer: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Other: Name: _____ Title: _____
Address _____
Number of stock shares _____ Percentage of shares _____

E. Provide the name, address and shares of stock for each **member** of the corporation's **Board of Directors**:

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

- F. Provide the name, address and shares of stock for each **principal stockholder** which is not named in 6.D. and 6.E. above. (Principal stockholder means one holding 10% or more of the outstanding stock of the corporation.)

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

7. List all State of Hawaii leases, permits, licenses, easements, sales, etc. to which the Applicant has been a party to, including as a director, officer or shareholder:

<u>Doc. No.</u>	<u>Type of Agreement</u>	<u>Term of Agreement</u>
_____	_____	_____
_____	_____	_____

8. Attach tax clearances from both the State of Hawaii and the county which the auctioned land is in (refer to Appendix E).

9. Is the Applicant registered with the U.S. Securities and Exchange Commission (SEC) and been a publicly traded corporation for at least the last three years? Yes/No

Part II: Qualifications and Experience

11. Indicate experience to qualify as a bona fide farmer pursuant to Section 171-14.5, HRS. For husband and wife, at least one individual shall qualify. For partnerships, joint ventures and corporations, "Applicant" in the following questions refers to the entity itself, and, therefore, only 11.A, 11.B, 11.G and 11.J below will apply.

- A. Has the Applicant spent not less than two years, full-time, in farming operations? If yes, explain in Question 13. Yes/No

- B. Is the Applicant an owner-operator of an established farm conducting a substantial farming operation? If yes, explain in Question 13. Yes/No
- C. Has the Applicant, for a substantial period of the individual's adult life, resided on a farm and depended on farm income for a livelihood? If yes, explain (number of years, location, income, etc): Yes/No
-
-
-
- D. Is the Applicant an individual who has been a farm tenant or farm laborer or other individual, who has for the two years last preceding the auction obtained the major portion of their income from farming operations? If yes, explain in Question 13. Yes/No
- E. Does the Applicant have a college degree in agriculture? If yes, explain in Question 12. Yes/No
- F. Is the Applicant an individual who, by reason of ability, experience, and training as a vocational trainee, is likely to successfully operate a farm? If yes, explain in Question 12. Yes/No
- G. Has the Applicant received a commitment for a loan under the Bankhead-Jones Farm Tenant Act for the acquisition of a farm? If yes, attach copy of executed loan document or notification letter. Yes/No
- H. Is the Applicant an individual who is displaced from employment in an agricultural production enterprise? If yes, explain in Question 13. Yes/No
- I. Is the Applicant a member of the Hawaii Young Farmer Association or a Future Farmer of America graduate with two years of training with farming projects? If yes, attach letter confirming membership and training and explain in Question 12. Yes/No
- J. Does the Applicant possess the qualifications under the new farmer program pursuant to section 155-1(3), HRS (refer to section 3.d.(10) of the Instructions to Bidders)? If yes, explain: Yes/No

- K. Does the Applicant possess such other qualifications? Yes/No
If yes, briefly describe any other information which you may consider pertinent to assessing your qualifications and experience and which is not contained in your responses to Questions 12 & 13:

12. Education and Training

- A. List all vocational training, business, trade, college or university, graduate or professional schools (for partnerships, joint ventures or corporations, indicate name of principal or manager for which the education applies):

Name & Location of School (and Name of Person, if applicable)	Field of Study	Degree Type	Date Recvd

- B. Attach evidence of your graduation from college (copy of transcripts or diploma).
- C. Describe any vocational or other training you have received which relates to your qualifications and experience to successfully operate your farm/ranch:

13. In chronological order starting with the Applicant's most current experience, briefly describe Applicant's farming/ranching experience and business experience (management, financial and marketing) as it relates to the land intended to be bid on. For partnerships, joint ventures and corporations, include both experience of business entity itself as well as experience of principals or managers. **Copy and attach additional sheets as needed.**

Business Name _____ Address _____ Name & Title of Supervisor _____ Your Position _____ Commodity Produced _____ Size of Operations (no. of employees , acres) _____ Duties & Responsibilities _____ _____ _____ _____ _____	From: _____ Month Year To: _____ Month Year Full-time () Part-time () Average hours worked per week: _____
Business Name _____ Address _____ Name & Title of Supervisor _____ Your Position _____ Commodity Produced _____ Size of Operations (no. of employees, acres) _____ Duties & Responsibilities _____ _____ _____ _____ _____	From: _____ Month Year To: _____ Month Year Full-time () Part-time () Average hours worked per week: _____
Business Name _____ Address _____ Name & Title of Supervisor _____ Your Position _____ Commodity Produced _____ Size of Operations (no. of employees, acres) _____ Duties & Responsibilities _____ _____ _____ _____ _____	From: _____ Month Year To: _____ Month Year Full-time () Part-time () Average hours worked per week: _____

14. For any experience listed above which the Applicant would like to be considered in order to qualify as a bona fide farmer pursuant to Section 171-14.5, HRS, under Question 11, attach verification, including but not limited to: 1) pay stubs or W-2 forms where Applicant was employed as an individual or 2) Schedule F of federal income tax returns or General Excise tax returns where Applicant was a self-employed individual or a corporation.

15. Attach at least two (2) reference letters from people, who are not related to you, verifying agricultural background (applies to farm laborer or previous farm experience).

Part III: Business Plan

Complete one Business Plan for each item/parcel which you intend to bid on. (Copy and attach additional plans as needed.)

16. Item No.: _____ Location: _____

17. What will the land be used for? List the goals and objectives to utilize and develop the land:

18. What products will be sold?

19. What is the projected yearly level of production?

20. What is the demand for your products in the near- and long-term?

21. Who are your primary customers and how will the products be distributed?

22. What is your pricing strategy?

23. How will you market your products?

24. Who are your major competitors and what is your competitive strategy?

25. What improvements to the land do you intend to make and at what cost?

26. How will you develop the land from the beginning of the lease until it is in full operation? Give estimated times required by each major activity and projected percentages of development. (Your projection must show at least ____ % development in ____ years and ____ % development in ____ years. (See **Full utilization of the land** in the draft lease.)

27. How will you finance the operations?

28. What problems are anticipated in carrying out this plan and how will you resolve them?

29. Attach a completed Cash Flow Projection. You must show **all** income and expenses applicable to your business for a five-year period or one crop rotation **whichever is greater**. Appendix D provides a **sample** form. You may use your own format.
30. Attach a Preliminary Map Plan (can be drawn free hand). Please note:
- A. Pasture leases should show fencing, stock watering troughs, water distribution system if needed and topography with physical features to be protected, such as streams, eroded land, steep areas, etc.
 - B. Intensive agriculture leases should show crop rows, roadways, structures, windbreaks if necessary and water distribution system plus topography with physical features such as streams, gullies, steep areas, etc. If you are proposing crops that are not prevalent in the area, letters from agricultural experts testifying to the viability of the crop within the area should be included.

Part IV: Financial Capacity

31. All Applicants must provide written verification of financing source(s) as follows (failure to provide sufficient information to verify financial resources may result in disqualification to bid):
- a. If Applicant intends to obtain a loan, attach a preliminary loan commitment letter from a recognized lending institution. To be considered, the letter **must** specify approved loan amount and what loan proceeds will be used for.
 - b. If Applicant is unable to or does not intend to secure a loan and Applicant is an individual, husband and wife, sole proprietorship or partnership, attach Personal Financial Statement (Appendix C) for each individual and federal income tax returns for the most recent two years.
 - c. If Applicant is unable to or does not intend to secure a loan and Applicant is a corporation or joint venture, attach corporate financial statements (current balance sheet and income/expense statements) and federal income tax returns for the most recent two years.
 - d. Has the Applicant received a business loan within the last two years from an institution which is a member of the Federal Deposit Insurance Corporation (FDIC) or from any federal mortgage lending agency qualified to do business in Hawaii? Yes/No

If Yes, attach a copy of the loan agreement and any other documentation to evidence the loan and purpose of the loan proceeds.

For questions 32-38: 1) if applying as an individual, husband and wife, sole proprietorship or partnership, "you" refers to all individuals involved, including all partners, and 2) if applying as a corporation or joint venture, "you" refers to the entity itself and any director, officer or major stockholder.

32. Are there any outstanding judgments against you? If yes, explain: Yes/No

33. Have you filed bankruptcy within the past seven years? Yes/No
34. Have you had property foreclosed upon or given title or deed in lieu thereof in the last seven years? Yes/No
35. Are you a party in any legal action? If yes, explain: Yes/No
-
36. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? If yes, provide details, including date, name and address of lender and reasons for the action: Yes/No
-
37. Are you presently delinquent or in default on any Federal, State or county rent, debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If yes, explain: Yes/No
-

Part V: Criminal Convictions

38. Have you ever been convicted of the crime of cruelty to animals and/or have you been convicted of a violation of law? If yes, explain: Yes/No
-

Part VI: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from bidding or my/our lease may be cancelled.

Applicant Name

By: _____

Its: _____

Date: _____

Applicant Name

By: _____

Its: _____

Subscribed and sworn to before me this
_____ day of _____, 20____.

Notary Public

County of: _____

State of: _____

My commission expires: _____

Revised APPENDIX A

APPLICATION AND QUALIFICATION QUESTIONNAIRE

(Business, Commercial, Industrial or Resort)

EXHIBIT "B"

APPENDIX A

APPLICATION AND QUALIFICATION QUESTIONNAIRE
(Business, Commercial, Industrial or Resort)

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number.

Part 1: General Information

1. Applicant's legal name: _____
Applicant's full mailing address: _____

2. Name of contact person: _____
Phone number: _____
3. Applicant intends to bid on the following parcels:
Item: _____ Location: _____
Intended use: _____
Item: _____ Location: _____
Intended use: _____
Item: _____ Location: _____
Intended use: _____
4. Applicant intends to hold title to the lease as:

Type of owner (check one): () Individual () Husband and Wife () Sole Proprietorship () Joint Venture () Partnership () Corporation		Tenancy (check one, if applicable): () Tenant in Severalty () Joint Tenants () Tenants in Common () Tenants by Entirety
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5. If Applicant is a partnership or joint venture, answer the following:
 - A. Name, address, & percentage share owned by each partner or joint venture member:

<u>Name</u>	<u>Address</u>	<u>Share</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
 - B. Date of Organization: _____
 - C. General or Limited Partnership (if applicable): _____
 - D. Recorded: _____

County

State

Date

E. Currently registered in Hawaii: Yes/No If Yes, as of: _____

6. If Applicant is a corporation, answer the following:

A. When incorporated: _____

B. In what state or country: _____

C. Authorized to do business in Hawaii: Yes/No If Yes, as of: _____

D. Provide the name, address and shares of stock for each **officer** of the corporation:

President: Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Vice-President: Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Secretary: Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Treasurer: Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Other: Name: _____ Title: _____

Address _____

Number of stock shares _____ Percentage of shares _____

E. Provide the name, address and shares of stock for each **member** of the corporation's **Board of Directors**:

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

- F. Provide the name, address and shares of stock for each **principal stockholder** which is not named in 6.D. and 6.E. above. (Principal stockholder means one holding 10% or more of the outstanding stock of the corporation.)

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

7. List all State of Hawaii leases, permits, licenses, easements, sales, etc. to which the Applicant has been a party to, including as a director, officer or shareholder:

<u>Doc. No.</u>	<u>Type of Agreement</u>	<u>Term of Agreement</u>
_____	_____	_____
_____	_____	_____

8. Attach tax clearances from both the State of Hawaii and the county which the auctioned land is in (refer to Appendix E).

9. Is the Applicant registered with the U.S. Securities and Exchange Commission (SEC) and been a publicly traded corporation for at least the last three years? Yes/No

Part II: Qualifications and Experience

11. Describe the Applicant's qualifications and experience in operating the type of business being proposed for the lease. Include any pertinent information, including but not limited to, length and scope of experience in a business related to the lease use and size of operations (e.g. annual sales, gross and net revenues, number of employees, etc.). Attach sheets as needed.

Part III: Business Plan

Complete one Business Plan for each item/parcel which you intend to bid on. (Copy and attach additional plans as needed.)

12. Item No.: _____ Location: _____
13. What will the land be used for? List the goals and objectives to utilize and develop the land:
- _____
- _____
- _____
14. What products or services will be sold?
- _____
- _____
15. What is the projected yearly level of production or sales?
- _____
- _____
16. What is the demand for your products in the near- and long-term?
- _____
- _____
- _____
17. Who are your primary customers and how will the products be distributed?
- _____
- _____
- _____

18. What is your pricing strategy?

19. How will you market your products?

20. Who are your major competitors and what is your competitive strategy?

21. Describe the proposed site development plan for the property, indicating the location and size of buildings, parking areas, landscaped areas, fencing and related uses. Attach sketch of plan.

22. What improvements to the land do you intend to make and at what cost?

23. Describe the proposed development schedule for the various improvements.

24. How will you finance the improvements?

25. Will you be subleasing any portion of the property? If yes, describe the sublease uses:

26. What problems are anticipated in carrying out this plan and how will you resolve them?

27. Attach a completed Cash Flow Projection. You must show **all** income and expenses applicable to your business for a five-year period. Appendix C provides a **sample** form. You may use your own format.

Part IV: Financial Capacity

28. All Applicants must provide written verification of financing source(s) as follows (failure to provide sufficient information to verify financial resources may result in disqualification to bid):

- a. If Applicant intends to obtain a loan, attach a preliminary loan commitment letter from a recognized lending institution. To be considered, the letter **must** specify approved loan amount and what loan proceeds will be used for.
- b. If Applicant is unable to or does not intend to secure a loan and Applicant is an individual, husband and wife, sole proprietorship or partnership, attach Personal Financial Statement (Appendix B) for each individual and federal income tax returns for the most recent two years.
- c. If Applicant is unable to or does not intend to secure a loan and Applicant is a corporation or joint venture, attach corporate financial statements (current balance sheet and income/expense statements) and federal income tax returns for the most recent two years.
- d. Has the Applicant received a business loan within the last two years from an institution which is a member of the Federal Deposit Insurance Corporation (FDIC) or from any federal mortgage lending agency qualified to do business in Hawaii? Yes/No

If Yes, attach a copy of the loan agreement and any other documentation to evidence the loan and purpose of the loan proceeds.

For questions 29-35: 1) if applying as an individual, husband and wife, sole proprietorship or partnership, "you" refers to all individuals involved, including all partners, and 2) if applying as a corporation or joint venture, "you" refers to the entity itself and any director, officer or major stockholder.

29. Are there any outstanding judgments against you? If yes, explain: Yes/No

30. Have you filed bankruptcy within the past seven years? Yes/No

31. Have you had property foreclosed upon or given title or deed in lieu thereof in the last seven years? Yes/No

32. Are you a party in any legal action? If yes, explain: Yes/No

33. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgment? If yes, provide details, including date, name and address of lender and reasons for the action: Yes/No

34. Are you presently delinquent or in default on any Federal, State or county rent, debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If yes, explain: Yes/No

Part V: Criminal Convictions

35. Have you ever been convicted of a violation of law? If yes, explain: Yes/No

Part VI: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from bidding or my/our lease may be cancelled.

Applicant Name

Applicant Name

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Subscribed and sworn to before me this

_____ day of _____, 20____.

Notary Public

County of: _____

State of: _____

My commission expires: _____

Land Board submittal dated August 28, 1998

Agenda Item D-16

EXHIBIT "C"

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

August 28, 1998

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

STATEWIDE

Subject: Request to Approve Business, Commercial,
Industrial and Resort Application and
Qualification Questionnaire Process for
Prospective Bidders Interested in Leases
Sold at Public Auction

BACKGROUND:

At its meeting of September 27, 1996 under Item D-12, the Land Board amended and approved staff's recommendation to implement an application and qualification questionnaire process, for the purpose of screening and evaluating the qualifications of prospective bidders for agricultural/pasture and business/commercial/industrial/resort State leases sold at public auction.

At its meeting of May 9, 1997 under Item D-43, the Land Board amended and approved recommendation by staff to add the review of past criminal convictions in the qualification process and to authorize the Department to disqualify applicants based on this information.

At its meeting of May 15, 1998, under Item D-25, the Land Board approved the Public Auction Bid Packet for State Agricultural and Pasture Leases which revised the application and qualification questionnaire process for these types of leases.

Staff has revised the Public Auction Bid Packet for State Leases to incorporate business, commercial, industrial and resort leases, including a revised Application and Qualification Questionnaire form for these types of leases.

ANALYSIS:

In researching how to qualify business and commercial applicants to bid on State leases and in attempting to develop an appropriate application form, staff faced the potential for a wide range of business types and sizes to apply for State land. On the one hand, major corporations with billion-dollar assets may apply, while on the other, a small, one-man operation with

AS AMENDED
APPROVED BY THE BOARD OF
LAND AND NATURAL RESOURCES
AT ITS MEETING HELD ON

August 28, 1998. *por*

ITEM D-16

\$50,000 in start-up costs may also apply. Businesses may range from hotels to banks to car dealerships to florists to hardware stores to small service industries.

Due to the heavy financial analysis entailed in such reviews and the wide scope of knowledge needed, staff looked for other review processes which businesses undergo and which could be used to qualify them to bid on State leases. In this way, we would "piggy back" on what other agencies already do and reduce the workload for both staff and the applicant. Such processes would need to meet the objective of our application and qualification process which is to ensure that the bidders for State land know what they are doing (have a plan for their business, understand the economics involved, etc.) and show the ability to fulfill the lease terms and conditions.

With this in mind, staff focused on the following two areas:

1. Publicly Traded Corporations

A. **Background**

Corporations may sell corporate stock to the general public through a public offering in U.S. securities markets. Except for certain exemptions, these corporations are required to register with the federal U.S. Securities and Exchange Commission (SEC) and to submit corporate reports in order for the SEC to administer federal securities laws and to provide protection for investors and to ensure that the securities markets are fair and honest through the disclosure of information to the public. (Refer to EXHIBIT A for background information on the SEC.)

B. **Proposed Criterion**

If an applicant is registered with the SEC and has been publicly traded for the last three years, then the applicant shall be deemed qualified to bid on a State lease.

C. **Rationale**

"Registration of securities does not preclude the sale of stock in risky, poorly managed, or unprofitable companies" (excerpt from SEC website). Despite this statement, staff feels that the proposed criterion meets the objective of ensuring qualified bidders for the following reasons.

Corporations which are registered and regulated by the SEC undergo intense SEC and public scrutiny. Registration by the SEC is intended to provide adequate and accurate disclosure of material facts concerning the company. If false or misleading statements are

made, harsh penalties may be imposed. Investors, analysts and brokers closely examine the management and financial aspects of publicly traded corporations and base their investment decisions on such analyses.

Theoretically, all of this scrutiny results in public pressure to perform well otherwise, stock value drops and a business will not survive long under normal circumstances. These free market forces dictate a system of "survival of the fittest". Staff makes the argument that SEC-registered companies can be considered viable entities if they have lasted at least three years and are therefore qualified to bid on a State lease.

D. Verification of Whether Criterion Met

The SEC has a website which allows a viewer to look up common forms for a designated company which have been filed with the SEC on the Electronic Data Gathering, Analysis and Retrieval (EDGAR) database system. These forms will be able to show whether the company has been filing with SEC for last few years. If an applicant states they meet the criterion but cannot be located on EDGAR, staff will double check with a direct phone call to the SEC.

2. Loans

A. Background

There are a variety of financial institutions which may provide loans to businesses, including:

- Commercial banks and savings & loan associations (e.g. First Hawaiian Bank, Bank of Hawaii, American Savings Bank, International Savings and Loan)
- Depository financial services loan companies (e.g. Commercial Credit Corp., Finance Factors, GE Capital Hawaii)
- Non-depository financial services loan companies; or industrial loan companies (e.g. Associates Financial Services, Avco Financial Services)
- Mortgage brokers (e.g. Honolulu Mortgage)
- State agencies and programs (e.g. Department of Business, Economic Development and Tourism (DBEDT) - Hawaii Capital Loan Program and Hawaii Innovation Development Loan Program, Department of Agriculture (DOA) - agricultural loans only)

- Federal agencies and programs (e.g. Farm Service Agency Federal Land Bank, Farmers Home Administration)
- Other possible lenders
 - Small Business Administration (SBA) - only loan guarantees
 - Small Business Investment Corporations (SBIC's) - chartered by the SBA to make loans or provide venture capital
 - Credit unions - only in small amounts; mostly do not lend to businesses

B. Proposed Criterion

If an applicant has received a loan within the last two years from an FDIC-insured institution or any federal mortgage lending agency qualified to do business in Hawaii, then the applicant shall be deemed qualified to bid on a State lease. Such loan shall be made for the same type of business as the applicant is proposing to use the State land for.

C. Rationale

In general, lending institutions have a similar objective to our application process in ensuring that an applicant has a viable plan and the ability to pay back the loan. If a business has gone through a rigorous loan application process, including review by experienced loan officers, then it would seem logical to deem these businesses qualified to bid on State leases. In these cases, our application process would be duplicative of such a review process. Because we want to ensure that the review of the business is not too dated, staff has set the limit of two years (fiscal or calendar) to qualify.

In order to ensure that there has been intense and adequate scrutiny by the lending institution, staff feels loans only from certain institutions should be allowed to qualify the applicant. The two categories include:

i. FDIC-Insured Institutions

The FDIC is the independent deposit insurance agency created by Congress to maintain stability and public confidence in the nation's banking system. The FDIC promotes the safety and soundness of insured depository institutions

primarily by screening applications from institutions seeking entry into the deposit insurance system and examining financial institutions to ensure financial safety and soundness. Because the FDIC insures deposits, their oversight of an institution's loans is more stringent and demanding than if they merely regulated the industry. (Refer to EXHIBIT B for FDIC-insured financial institutions in Hawaii.)

ii. Federal mortgage lending agencies

Federal agencies such as the Farm Service Agency, Federal Land Bank and Farmers Home Administration provide loans for agricultural endeavors. Once again, if an applicant has successfully navigated through such processes, then the applicant is qualified to bid on State agricultural or pasture leases.

Staff notes that the remaining categories of lenders, including non-depository financial services loan companies and State agencies, were omitted from this criterion due to either the higher risk involved or less scrutiny given in the review process. While it may seem incongruous that a State agency, such as DBEDT or DOA, may determine that a business merits receiving State funds to pursue a business venture and another State agency (DLNR) may end up not agreeing with the soundness of the business, the fact remains that most of the State programs act as a "lender of last resort" for businesses which are unable to obtain financing from traditional sources.

D. **Verification of Whether Criterion Met**

A copy of the loan agreement will be requested in the Application and Qualification Questionnaire form. To verify that an institution is a member of FDIC, the FDIC has a website which allows a viewer to look up any FDIC-insured institution and verify that a specific bank or savings institution is a member of the FDIC.

While the above two criteria would also apply to agricultural and pasture leases, pursuant to section 171-14.5, Hawaii Revised Statutes, applicants for these types of leases would still be required to meet the bona fide farmer criteria and would be ineligible to bid on State land if such bona fide farmer criteria were not met.

Staff has revised the Public Auction Bid Packet as follows:

- 1) Added the Business, Commercial, Industrial and Resort



Application and Qualification Questionnaire form (generally based on the Agricultural and Pasture application format; incorporated the two criteria for automatic qualification discussed above);

- 2) Added the evaluation criteria for Business, Commercial, Industrial and Resort Applications;
- 3) Amended the Agricultural and Pasture Application and Questionnaire form to incorporate the two criteria for automatic qualification discussed above; and
- 4) Made housekeeping changes throughout the Bid Packet.

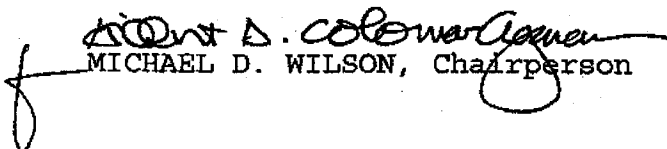
RECOMMENDATION: That the Board:

- A. Approve the Public Auction Bid Packet for State Land Leases, as detailed in the attached EXHIBIT C, for the purpose of screening and evaluating the qualifications of prospective bidders for State leases sold at public auctions statewide.
- B. Delegate to the Chairperson the authority to revise the foregoing bid packet and qualification process as he sees fit to best serve the interests of the State.

Respectfully submitted,


DIERDRE S. MAMIYA
Assistant Administrator 

APPROVED FOR SUBMITTAL:


MICHAEL D. WILSON, Chairperson

16. Approved as Amended--The Board amended the staff recommendation by making some specific language and content changes to Exhibit C, and adding condition C to read as follows:
 - C. The results of the first use of the evaluation criteria for Business, Commercial, Industrial and Resort Applications be reported to the Board for informational purposes.



The Work of the SEC

A publication of the

**Office of Public Affairs, Policy Evaluation and Research
United States Securities and Exchange Commission**

June 1997

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Introduction

EXHIBIT A

This publication describes the work of the SEC by discussing the laws it administers, the organization of the agency, the ways in which it carries out its mission, and the sanctions it uses to enforce the federal securities laws.

Under the Securities Exchange Act of 1934, Congress created the Securities and Exchange Commission (SEC). The SEC is an independent, nonpartisan, quasi-judicial regulatory agency.

The SEC's mission is to administer federal securities laws and issue rules and regulations to provide protection for investors and to ensure that the securities markets are fair and honest. This is accomplished

primarily by promoting adequate and effective disclosure of information to the investing public. The laws administered by the Commission are the:

- Securities Act of 1933;
- Securities Exchange Act of 1934;
- Public Utility Holding Company Act of 1935;
- Trust Indenture Act of 1939;
- Investment Company Act of 1940; and
- Investment Advisers Act of 1940.

The Commission also serves as adviser to federal courts in corporate reorganization proceedings under Chapter 11 of the Bankruptcy Reform Act of 1978. The Commission reports annually to Congress on administration of the securities laws.

The Commission is composed of five members appointed by the President, with the advice and consent of the Senate, for five-year terms. The Chairman is designated by the President. Terms are staggered; one expires on June 5 of every year. Not more than three members may be of the same political party.

Under the direction of the Commission, the staff ensures that publicly held companies, broker-dealers in securities, investment companies and advisers, and other participants in the securities markets comply with federal securities laws. (Ex. Among other things, the staff reviews registration statements and periodic reports, conducts examinations and inspections, makes rules and regulations, conducts investigations and brings enforcement actions against violators. The SEC does not guarantee the value or merit of a particular investment. The Commission cannot bar the sale of securities of questionable value. The investor must make the ultimate judgment of the worth of securities offered for sale.

The SEC's staff is composed of lawyers, accountants, financial analysts and examiners, engineers, investigators, economists, and other professionals. The staff is divided into divisions and offices (including 11 regional and district offices), each directed by officials appointed by the Chairman.

Securities Act of 1933

This "truth in securities" law has two basic objectives:

- to require that investors are provided with material information concerning securities offered for public sale; and
- to prevent misrepresentation, deceit, and other fraud in the sale of securities.

A primary means of accomplishing these objectives is disclosure of financial information by registering offers and sales of securities. Most offerings of debt and equity securities issued by corporations, limited partnerships, trusts, and other issuers must be registered. Federal and most other domestic government debt securities are exempt. Certain transactions qualify for exemptions from registration provisions; these exemptions are discussed below.

Purpose of Registration

Registration is intended to provide adequate and accurate disclosure of material facts concerning the company and the securities it proposes to sell. Thus, investors may make a realistic appraisal of the merits of the securities and then exercise informed judgment in determining whether to purchase them.

Registration requires, but does not guarantee, the accuracy of the facts represented in the registration statement and prospectus. However, the law does prohibit false and misleading statements under penalty of fine, imprisonment, or both. Investors who purchase securities and suffer losses have important recovery rights under the law if they can prove that there was incomplete or inaccurate disclosure of material facts in the registration statement or prospectus. If such misstatements are proven, the following could be liable: the

issuing company, its responsible directors and officers, the underwriters, controlling interests, the sellers of the securities, and others. These rights must be asserted in an appropriate federal or state court (not before the Commission, which has no power to award damages).

Registration of securities does not preclude the sale of stock in risky, poorly managed, or unprofitable companies. In fact, it is unlawful to represent that the Commission approves or disapproves of securities on their merits. The only standard which must be met when registering securities is adequate and accurate disclosure of required material facts concerning the company and the securities it proposes to sell. The fairness of the terms, the issuing company's prospects for successful operation, and other factors affecting the merits of investing in the securities (whether price, promoters' or underwriters' profits, or otherwise) have no bearing on the question of whether or not securities may be registered.

The Registration Process

The Commission has registration forms for different types of companies. These provide essential facts while minimizing the burden and expense of complying with the law. In general, registration forms call for

- a description of the company's properties and business;
- a description of the security to be offered for sale and its relationship to the company's other capital securities;
- information about the management of the company; and
- financial statements certified by independent public accountants.

Registration statements and prospectuses on securities become public immediately after filing with the SEC. However, it is unlawful to sell the securities until the effective date. The act provides that most registration statements shall become effective on the 20th day after filing (or on the 20th day after filing the last amendment). At its discretion, the Commission may advance the effective date if it benefits the interests of investors and the public, the adequacy of publicly available information, and the ease with which the facts about the new offering can be disseminated and understood.

Registration statements are subject to examination for compliance with disclosure requirements. If a statement appears to be incomplete or inaccurate, the company usually is informed by letter and given an opportunity to file correcting or clarifying amendments. However, the Commission may conclude that material deficiencies in some registration statements appear to stem from a deliberate attempt to conceal or mislead, or that the deficiencies do not lend themselves to correction through the informal letter process. In these cases, the Commission may decide that it is in the public interest to conduct a hearing to develop the facts by evidence and determine if a "stop order" should be issued to refuse or suspend effectiveness of the statement. The Commission may issue stop orders after the sale of securities has been commenced or completed. A stop order is not a permanent bar to the effectiveness of the registration statement or to the sale of the securities. If amendments are filed correcting the statement in accordance with the stop order decision, the order must be lifted and the statement declared effective.

Although any losses suffered in the purchase of securities are not restored to investors by the stop order, the Commission's order precludes future public sales. Also, the decision and the evidence on which it is based may serve to notify investors of their rights and aid them in their own recovery suits.

Exemptions From Registration

In general, registration requirements apply to securities of both U.S. and foreign companies or governments sold in U.S. securities markets. There are, however, certain exemptions. Among these are:

- private offerings to a limited number of persons or institutions who have access to the kind of information that registration would disclose and who do not plan to redistribute the securities;
- offerings restricted to residents of the state in which the issuing company is organized and doing

business;

- securities of municipal, state, federal, and other domestic governmental instrumentalities as well as charitable institutions and banks;
- "small issues" not exceeding certain specified amounts made in compliance with SEC regulations; and
- offerings of "small business investment companies" made in accordance with SEC regulations.

Whether or not the securities are registered, antifraud provisions apply to all sales of securities involving interstate commerce or the mails.

The "small issue" exemption was adopted by Congress primarily as an aid to small business. The law provides that offerings of certain sizes may be exempt from full registration, subject to provisions designed to protect investors. The Commission's Regulation A permits certain U.S. and Canadian companies to make exempt offerings. A similar regulation is available for offerings under \$5 million by small business investment companies licensed by the Small Business Administration. Regulation D permits certain companies to make exempt offerings under \$1 million with only minimal federal restrictions; more extensive disclosure requirements and other conditions apply for offerings exceeding that amount.

Exemptions are available when certain specified conditions are met. These conditions include use of an offering circular containing certain basic information in the sale of the securities. For a more complete discussion of these and other special provisions adopted by the Commission to facilitate capital formation by small business, please request a copy of the small business packet from the SEC's Publication's Branch or consult the Small Business Information page on the SEC website <www.sec.gov>.

Securities Exchange Act of 1934

By this act, Congress extended the disclosure doctrine of investor protection to securities listed and registered for public trading on our national securities exchanges. Thirty years later, the Securities Act Amendments of 1964 extended disclosure and reporting provisions to equity securities in the over-the-counter market. This included hundreds of companies with assets exceeding \$1 million and shareholders numbering 500 or more. Today, securities of thousands of companies are traded over-the-counter. The act seeks to ensure fair and orderly securities markets by prohibiting certain types of activities and by setting forth rules regarding the operation of the markets and participants.

Corporate Reporting

Companies seeking to have their securities registered and listed for public trading on an exchange must file a registration statement with the exchange and the SEC. If they meet the size test described above, companies whose equity securities are traded over-the-counter must file a similar registration form. Commission rules prescribe the nature and content of these registration statements and require certified financial statements. These are generally comparable to, but less extensive than, the disclosures required in Securities Act registration statements. Following the registration of their securities, companies must file annual and other periodic reports to update information contained in the original filing. In addition, issuers must send certain reports to requesting shareholders. Reports may be read at the SEC's public reference rooms, copied there at nominal cost, or obtained at reasonable rates from a copying service under contract to the SEC. Since May, 1996, virtually all corporate filings are available electronically as well as on the SEC's internet website <www.sec.gov>.

Proxy Solicitations

Another provision of this law governs soliciting proxies (votes) from holders of registered securities, both listed and over-the-counter, for the election of directors and/or for approval of other corporate action.



Institution List

18 Institutions were found matching your selection criteria:

Active Institutions and State='HI', Sorted by Institution Name

Demographic information reflects the list of Institutions active as of June 15, 1998.

Financial information as of March 31, 1998.

Click on a cert number below for a Summary Financial Report on that institution.

Cert	Institution Name	City	State	Class	Total Assets (\$000)
<u>32526</u>	American Savings Bank, FSB	Honolulu	HI	SA	5,515,449
<u>18053</u>	Bank of Hawaii	Honolulu	HI	NM	12,264,063
<u>21029</u>	Bank of Honolulu	Honolulu	HI	NM	94,842
<u>17308</u>	Central Pacific Bank	Honolulu	HI	NM	1,522,654
<u>18035</u>	City Bank	Honolulu	HI	NM	808,585
<u>25147</u>	Commercial Credit Corporation (Hawaii)	Honolulu	HI	NM	61,944
<u>25158</u>	Finance Factors, Ltd.	Honolulu	HI	NM	494,434
<u>28741</u>	First Federal Savings and Loan Association of America	Honolulu	HI	SA	1,334,728
<u>17985</u>	First Hawaiian Bank	Honolulu	HI	NM	6,671,614
<u>24989</u>	First Hawaiian Creditcorp, Inc.	Honolulu	HI	NM	416,319
<u>24809</u>	GECC Financial Corporation	Honolulu	HI	NM	9,599
<u>18296</u>	Hawaii National Bank	Honolulu	HI	N	297,637
<u>29528</u>	International Savings and Loan Association LTD	Honolulu	HI	SA	669,158
<u>24681</u>	Oahu Finance Company, Ltd.	Waipahu	HI	NM	4,097
<u>25106</u>	Rainbow Financial Corporation	Honolulu	HI	NM	40,422
<u>25236</u>	Realty Finance, Inc.	Hilo	HI	NM	14,593
<u>24810</u>	Standard Financial Corp.	Honolulu	HI	NM	27,474
<u>30836</u>	Territorial Savings and Loan Association	Honolulu	HI	SA	387,538

Federal Deposit Insurance Corporation
Institution Directory

EXHIBIT B

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

PUBLIC AUCTION BID PACKET
FOR
STATE LAND LEASE AUCTIONS

AUCTION DATE: _____

Revised - August 3, 1998

EXHIBIT C

PUBLIC AUCTION BID PACKET
FOR
STATE LAND LEASE AUCTIONS

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*Not attached (no changes made)

INSTRUCTIONS TO BIDDERS

1. PURPOSE

This Public Auction Bid Packet provides information, instructions, documents and forms related to the sale of State of Hawaii land leases scheduled for public auction on _____ day, the _____th day of _____, 19__ at ____:00 a.m. or as soon thereafter as practicable, at _____(location of auction) for the items as listed in the Notice of Sale. This auction may be cancelled, postponed or continued by order of the Chairperson of the Board of Land and Natural Resources.

2. SIGNIFICANT DATES

Advertisement of Auction and Application Pick-up	(Day 1, 8, 15), 19__
Applications Due; 2:00 p.m.	(Day 45), 19__
Compliance Review for Applications*	(Days 45-48), 19__
Notification of Compliance Review Disqualification*	(Day 49), 19__
Substantive Review of Applications*	(Days 49-63), 19__
Qualification of Applicants*	(Day 64), 19__
Notice of Auction Qualification/Disqualification*	(Day 65), 19__
Public Auction Held	(Day 75), 19__
All Required Auction Documents Signed	(Day 76), 19__

*Estimated dates

3. GENERAL QUALIFYING CRITERIA TO BE MET BY ALL BIDDERS

Any person shall be entitled to bid and purchase a lease at this auction, except a person who:

- a. Is in arrears in the payment of taxes, rents or other obligations owing to the State of Hawaii or to any of its political subdivisions;
- b. Is a minor;
- c. Has had during the five (5) years preceding the date of the public auction, a previous sale, lease, license, permit or easement covering public lands cancelled for failure to satisfy the terms, conditions and covenants thereof;

- d. Fails to show upon demand of the Chairperson of the Board of Land and Natural Resources or his agent at the public auction, in cash, certified, or cashier's check, the following:

ITEM I. \$

ITEM II. \$

ITEM III. \$

- e. Fails to meet the pre-qualifying criteria as outlined in section 4; or

- f. For applicants qualifying to bid on agricultural or pasture leases only:

Fails to meet any one of the bona fide farmer criteria pursuant to §171-14.5, HRS:

- (1) Has spent not less than two years, full-time, in farming operations;
- (2) Is an owner-operator of an established farm conducting a substantial farming operation;
- (3) For a substantial period of the individual's adult life resided on a farm and depended on farm income for a livelihood;
- (4) Is an individual who has been a farm tenant or farm laborer or other individual, who has for the two years last preceding the auction obtained the major portion of their income from farming operations;
- (5) Is an individual with a college degree in agriculture;
- (6) Is an individual who by reason of ability, experience, and training as a vocational trainee is likely to successfully operate a farm;
- (7) Has qualified for and received a commitment for a loan under the Bankhead-Jones Farm Tenant Act as amended, or as may hereafter be amended, for the acquisition of a farm;
- (8) Is an individual who is displaced from employment in an agricultural production enterprise;
- (9) Is a member of the Hawaii Young Farmer Association or a Future Farmer of America graduate with two years of training with farming projects;

- (10) Possesses the qualifications under the new farmer program pursuant to section 155-1(3), HRS:

"New farmer program" means a new farm enterprise for qualified new farmers, including persons who are displaced from employment in an agricultural production enterprise, college graduates in agriculture, community college graduates in agriculture, and members of the Hawaii Young Farmer Association and Future Farmer of America graduates with farming projects, persons who have not less than two years' experience as part-time farmers, persons who have been farm tenants or farm laborers, or other individuals who have for the two years last preceding their application obtained the major portion of their income from farming operations, and persons who by reason of ability, experience, and training as vocational trainees are likely to successfully operate a farm. . ."; or

- (11) Possesses such other qualifications as the Board of Land and Natural Resources may prescribe pursuant to section 171-6, HRS;

4. PRE-QUALIFYING CRITERIA TO BE MET BY ALL BIDDERS FOR STATE OF HAWAII LAND LEASES

In addition to meeting the general qualifying criteria in section 3, any person wishing to bid and purchase a State lease described in the Notice of Sale must first qualify to bid according to the following evaluation criteria:

- a. For applicants qualifying to bid on agricultural or pasture leases:

i. QUALIFICATIONS AND EXPERIENCE

- * Education in agriculture
- * Type and duration of agricultural experiences
- * Expertise in particular field of agriculture
- * Expertise in management, financial and marketing matters

ii. BUSINESS PLAN AND DEVELOPMENT PLAN

- * Soundness/feasibility of development components
- * Soundness/feasibility of marketing components

- * Soundness/feasibility of financial components
- iii. FINANCIAL CAPACITY TO FUND OPERATIONS
 - * Ability to fund operations
- iv. CONVICTIONS FOR VIOLATION OF LAW
- b. For applicants qualifying to bid on business, commercial, industrial or resort leases:
 - i. QUALIFICATIONS AND EXPERIENCE
 - * Type and duration of business experiences
 - * Expertise in particular field of business
 - * Expertise in management, financial and marketing matters
 - ii. BUSINESS PLAN AND DEVELOPMENT PLAN
 - * Soundness/feasibility of development components
 - * Soundness/feasibility of marketing components
 - * Soundness/feasibility of financial components
 - iii. FINANCIAL CAPACITY TO FUND OPERATIONS
 - * Ability to fund operations
 - iv. CONVICTIONS FOR VIOLATION OF LAW
- c. For applicants qualifying to bid on agricultural/pasture or business/commercial/industrial/resort leases, if at least one of the following criteria is met, the applicant shall be deemed qualified to bid at auction (applicants for agricultural/pasture leases are still required to meet at least one of the bona fide farmer criteria pursuant to §171-14.5, HRS):
 - * Is registered with the U.S. Securities and Exchange Commission and has been publicly traded for the last three years.
 - * Has received a loan within the last two years from an institution which is a member of the Federal Deposit Insurance Corporation (FDIC) or from any federal mortgage lending agency qualified to do business in Hawaii and such loan was made for the same type of business as the applicant is proposing to use the State land for.

5. APPLICATION PROCEDURES

Eligibility to bid on a State lease shall be determined by the information supplied by prospective bidders in the Application and Qualification Questionnaire form ("Application"), Appendices A and B. Any person who has not completed and submitted an Application by the date and time indicated below will not be allowed to bid for any State leases at the public auction.

One (1) original and one (1) copy of the completed Application with all required attachments must be received no later than 2:00 p.m., Date , 19 by the Department of Land and Natural Resources at any one of the District Offices listed in section 12. Facsimile copies shall not be accepted. The official time shall be that recorded on the receiving District Office's time stamp clock. These conditions apply regardless of whether an Application is mailed or hand-delivered. The State assumes no responsibility for lateness due to mail or other delivery service.

A prospective bidder, at the time an Application is submitted, must be capable of performing all of the terms and conditions of the Lease which may be awarded.

Each applicant shall be informed in writing in advance of the date of the auction as to his/her eligibility or non-eligibility to bid at the public auction.

All information provided in the Application and Qualification Questionnaire shall remain confidential until the conclusion of the public auction. Thereafter, any information which is protected under Chapter 92F, Hawaii Revised Statutes, including an individual's financial information, will continue to be held confidential.

6. REVIEW OF APPLICATIONS

All Applications will be reviewed by a screening committee. The screening committee will be guided by the general qualifying and pre-qualifying criteria in sections 3 and 4.

An Application may be rejected for any of the following reasons:

- (a) If the Application is late, conditional, incomplete or does not adhere to the format and instructions;
- (b) If it is shown that inaccurate statements are made in the Application;
- (c) If the Application fails to meet any of the general qualifying or pre-qualifying criteria in sections 3 and 4; or

(d) If it is in the best interests of the State.

7. MODIFICATION OF THE APPLICATION

Modifications to a submitted Application may be made prior to the Application due date. One (1) original and one (1) copy of the modified sheets or replacement Application shall be submitted by the Application due date.

8. AUCTION PROCEDURE:

- a. All prospective bidders shall be qualified pursuant to sections 3 and 4.
- b. All qualified bidders or authorized corporate representatives must be present in person at the auction.
- c. All qualified bidders must bring a picture ID and funds pursuant to section 3.f. above.
- d. Bidding shall commence at the upset minimum annual rental as stated in the Notice of Sale document and the qualified bidder making the highest bid at the fall of the hammer shall be the successful buyer of the lease.

9. DUTIES OF SUCCESSFUL BIDDER:

The successful bidder shall, upon the fall of the hammer:

1. Execute a Memorandum of Lease for his/her purchase;
2. Execute an Affidavit of Non-Arrears stating that he or she is not in arrears in the payment of taxes, rents or other obligations owing to the State of Hawaii or any of its political subdivisions;
3. Pay in cash, certified, or cashier's check, the amount set forth in section 3.f. above; and
4. Within one (1) working day from the date of sale:
 - a. Pay all charges required by law, including the cost of survey maps and descriptions, documents, conveyance tax and advertising costs related to the Notice of Sale document.
 - b. Pay the difference between the minimum amount required to be paid at the fall of the hammer and fifty per cent (50%) of the annual rent bid.

Failure to execute the Memorandum of Lease, Affidavit of Non-Arrears, and make such payments within the stated time periods shall, at the option of the State of Hawaii,

terminate any and all rights which such defaulting bidder may have been acquired at said public auction sale, and the State of Hawaii may, at its option, cancel the sale and retain as damages, the sums, or any portions thereof, previously paid by the successful bidder.

10. COMMENCEMENT DATE FOR ALL LEASES:

All leases shall commence on date of sale at public auction if the incumbent occupant is the successful bidder; otherwise, the lease commencement date for each lease shall be as follows:

For Item I:

For Item II:

For Item III:

For Item IV:

11. EFFECTIVE RENTAL:

For Items _____, the amount bid at public auction.

For Items _____, the amount bid at public auction or the stated percentage annual rental of the gross proceeds, whichever is the greater. The term gross proceeds in general is defined to include receipts, income and revenue derived from, related to and connected with commodities produced on the lease premises, excluding, however, State general excise tax collected. (The term "gross proceeds" maybe more particularly defined in the lease.)

12. LEASE DOCUMENTS

Proposed drafts of the lease documents setting forth fully the terms and conditions to be observed and performed by the lessee together with survey maps and descriptions of the lands to be leased may be examined at the following offices:

Oahu District Land Office	Tel. 587-0433
Kalanimoku Building, Room 220	
1151 Punchbowl Street, Honolulu, Oahu	

Maul District Land Office	Tel. 984-8100
State Office Building	
54 S. High Street, Wailuku, Maui	

Hawaii District Land Office	Tel. 974-6203
State Office Building	
75 Aupuni Street, Hilo, Hawaii	

Kauai District Land Office	Tel. 274-3491
----------------------------	---------------

State Office Building
3060 Eiwa Street, Lihue, Kauai

13. ADDITIONAL REQUIREMENTS:

Refer to the drafts of the lease documents for bond requirements, rental reopenings, fencing requirements, insurance requirements, land development and utilization plan requirements, utilizations and clearing requirements, improvement requirements, assignment of lease evaluation policy, reservations and other terms and conditions.

Each prospective bidder shall carefully examine all documents. Failure on the part of any prospective bidder to make such an examination shall not be grounds for any claim that the prospective bidder did not understand the conditions of the lease or auction. Each prospective bidder shall notify the Administrator, in writing, of any ambiguity, inconsistency or conflict in the documents.

14. EFFECT OF SALE:

Following the public auction sale, a lease document in conformance with the purchase shall be sent to the successful bidder for execution. In the event that the successful bidder shall fail to execute said lease document within thirty (30) calendar days after receipt, the State of Hawaii may, at its option, cancel the sale and retain the sums or any portion or portions thereof, previously paid by the successful bidder as liquidated damages. The retention of said sums shall be in addition to any other rights or remedies to which the State of Hawaii may be entitled.

DONE at the Office of the Department of Land and Natural Resources, State of Hawaii this ____th day of _____, 19__.

BOARD OF LAND AND NATURAL RESOURCES

By: _____
MICHAEL D. WILSON, Chairperson

APPENDIX A

APPLICATION AND QUALIFICATION QUESTIONNAIRE (Agricultural or Pasture)

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number. **IMPORTANT: If Applicant answers "Yes" to either Question 9 and/or 10, then Applicant is required to complete only Questions 1-15 and Part VI.**

Part 1: General Information

1. Applicant's legal name as it would appear on the lease:

2. Applicant's full mailing address:

3. Applicant intends to bid on the following parcels:
Item: _____ Location: _____
Intended use: _____
Item: _____ Location: _____
Intended use: _____
Item: _____ Location: _____
Intended use: _____
4. Applicant intends to hold title to the lease as:

Type of owner (check one):		Tenancy (check one, if applicable):
<input type="checkbox"/> Individual		<input type="checkbox"/> Tenant in Severalty
<input type="checkbox"/> Husband and Wife		<input type="checkbox"/> Joint Tenants
<input type="checkbox"/> Sole Proprietorship		<input type="checkbox"/> Tenants in Common
<input type="checkbox"/> Joint Venture		<input type="checkbox"/> Tenants by Entirety
<input type="checkbox"/> Partnership		
<input type="checkbox"/> Corporation		
5. If Applicant is a partnership or joint venture, answer the following:
 - A. Name, address, & percentage share owned by each partner or joint venture member:

<u>Name</u>	<u>Address</u>	<u>Share</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
 - B. Date of Organization: _____
 - C. General or Limited Partnership (if applicable): _____

D. Recorded: _____
County State Date
E. Currently registered in Hawaii: Yes/No If Yes, as of: _____

6. If Applicant is a corporation, answer the following:

A. When incorporated: _____
B. In what state or country: _____
C. Authorized to do business in Hawaii: Yes/No If Yes, as of: _____
D. Provide the name, address and shares of stock for each **officer** of the corporation:

President: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Vice-President: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Secretary: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Treasurer: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Other: Name: _____ Title: _____
Address _____
Number of stock shares _____ Percentage of shares _____

E. Provide the name, address and shares of stock for each **member** of the corporation's **Board of Directors:**

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

- F. Provide the name, address and shares of stock for each **principal stockholder** which is not named in 6.D. and 6.E. above. (Principal stockholder means one holding 10% or more of the outstanding stock of the corporation.)

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

7. List all State of Hawaii leases, permits, licenses, easements, sales, etc. to which the Applicant has been a party to, including as a director, officer or shareholder:

<u>Doc. No.</u>	<u>Type of Agreement</u>	<u>Term of Agreement</u>
_____	_____	_____
_____	_____	_____

8. Attach tax clearances from both the State of Hawaii and the county which the auctioned land is in (refer to Appendix E).

9. Is the Applicant registered with the U.S. Securities and Exchange Commission (SEC) and been a publicly traded corporation for at least the last three years? Yes/No

10. Has the Applicant received a loan within the last two years from an institution which is a member of the Federal Deposit Insurance Corporation (FDIC) or from any federal mortgage lending agency qualified to do business in Hawaii? Yes/No

If Yes, attach a copy of the loan agreement.

Part II: Qualifications and Experience

11. Indicate experience to qualify as a bona fide farmer pursuant to Section 171-14.5, HRS. For husband and wife, at least one individual shall qualify. For partnerships, joint ventures and corporations, "Applicant" in the following questions refers to the entity itself, and, therefore, only 11.A, 11.B, 11.G and 11.J below will apply.

- A. Has the Applicant spent not less than two years, full-time, in farming operations? If yes, explain in Question 13. Yes/No
- B. Is the Applicant an owner-operator of an established farm conducting a substantial farming operation? If yes, explain in Question 13. Yes/No
- C. Has the Applicant, for a substantial period of the individual's adult life, resided on a farm and depended on farm income for a livelihood? If yes, explain (number of years, location, income, etc): Yes/No
-
-
-
- D. Is the Applicant an individual who has been a farm tenant or farm laborer or other individual, who has for the two years last preceding the auction obtained the major portion of their income from farming operations? If yes, explain in Question 13. Yes/No
- E. Does the Applicant have a college degree in agriculture? If yes, explain in Question 12. Yes/No
- F. Is the Applicant an individual who, by reason of ability, experience, and training as a vocational trainee, is likely to successfully operate a farm? If yes, explain in Question 12. Yes/No
- G. Has the Applicant received a commitment for a loan under the Bankhead-Jones Farm Tenant Act for the acquisition of a farm? If yes, attach copy of executed loan document or notification letter. Yes/No
- H. Is the Applicant an individual who is displaced from employment in an agricultural production enterprise? If yes, explain in Question 13. Yes/No
- I. Is the Applicant a member of the Hawaii Young Farmer Association or a Future Farmer of America graduate with two years of training with farming projects? If yes, attach letter confirming membership and training and explain in Question 12. Yes/No
- J. Does the Applicant possess the qualifications under the new farmer program pursuant to section 155-1(3), HRS (refer to section 3.d.(10) of the Instructions to Bidders)? If yes, explain: Yes/No
-
-
-

- K. Does the Applicant possess such other qualifications? Yes/No
If yes, briefly describe any other information which you may consider pertinent to assessing your qualifications and experience and which is not contained in your responses to Questions 12 & 13:

12. Education and Training

- A. List all vocational training, business, trade, college or university, graduate or professional schools (for partnerships, joint ventures or corporations, indicate name of principal or manager for which the education applies):

Name & Location of School (and Name of Person, if applicable)	Field of Study	Degree Type	Date Recvd

- B. Attach evidence of your graduation from college (copy of transcripts or diploma).
- C. Describe any vocational or other training you have received which relates to your qualifications and experience to successfully operate your farm/ranch:

13. In chronological order starting with the Applicant's most current experience, briefly describe Applicant's farming/ranching experience and business experience (management, financial and marketing) as it relates to the land intended to be bid on. For partnerships, joint ventures and corporations, include both experience of business entity itself as well as experience of principals or managers. **Copy and attach additional sheets as needed.**

Business Name _____ Address _____ Name & Title of Supervisor _____ Your Position _____ Commodity Produced _____ Size of Operations (no. of employees, acres) _____ Duties & Responsibilities _____ _____ _____ _____ _____	From: _____ Month Year To: _____ Month Year Full-time () Part-time () Average hours worked per week: _____
Business Name _____ Address _____ Name & Title of Supervisor _____ Your Position _____ Commodity Produced _____ Size of Operations (no. of employees, acres) _____ Duties & Responsibilities _____ _____ _____ _____ _____	From: _____ Month Year To: _____ Month Year Full-time () Part-time () Average hours worked per week: _____
Business Name _____ Address _____ Name & Title of Supervisor _____ Your Position _____ Commodity Produced _____ Size of Operations (no. of employees, acres) _____ Duties & Responsibilities _____ _____ _____ _____ _____	From: _____ Month Year To: _____ Month Year Full-time () Part-time () Average hours worked per week: _____

14. For any experience listed above which the Applicant would like to be considered in order to qualify as a bona fide farmer pursuant to Section 171-14.5, HRS, under Question 11, attach verification, including but not limited to: 1) pay stubs or W-2 forms where Applicant was employed as an individual or 2) Schedule F of federal income tax returns or General Excise tax returns where Applicant was a self-employed individual or a corporation.

15. Attach at least two (2) reference letters from people, who are not related to you, verifying agricultural background (applies to farm laborer or previous farm experience).

Part III: Business Plan

Complete one Business Plan for each item/parcel which you intend to bid on. (Copy and attach additional plans as needed.)

16. Item No.: _____ Location: _____
17. What will the land be used for? List the goals and objectives to utilize and develop the land:

18. What products will be sold?

19. What is the projected yearly level of production?

20. What is the demand for your products in the near- and long-term?

21. Who are your primary customers and how will the products be distributed?

22. What is your pricing strategy?

23. How will you market your products?

24. Who are your major competitors and what is your competitive strategy?
25. What improvements to the land do you intend to make and at what cost?
26. How will you develop the land from the beginning of the lease until it is in full operation? Give estimated times required by each major activity and projected percentages of development. (Your projection must show at least ____ % development in _____ years and ____ % development in _____ years. (See **Full utilization of the land** in the draft lease.)
27. How will you finance the operations?
28. What is the most lease rent that you can pay before net profit will be zero?
\$ _____ per year
29. What problems are anticipated in carrying out this plan and how will you resolve them?

30. Attach a completed Cash Flow Projection. You must show **all** income and expenses applicable to your business for a five-year period or one crop rotation **whichever is greater**. Appendix D provides a **sample** form. You may use your own format.
31. Attach a Preliminary Map Plan (can be drawn free hand). Please note:
- A. Pasture leases should show fencing, stock watering troughs, water distribution system if needed and topography with physical features to be protected, such as streams, eroded land, steep areas, etc.
 - B. Intensive agriculture leases should show crop rows, roadways, structures, windbreaks if necessary and water distribution system plus topography with physical features such as streams, gullies, steep areas, etc. If you are proposing crops that are not prevalent in the area, letters from agricultural experts testifying to the viability of the crop within the area should be included.

Part IV: Financial Capacity

32. All Applicants must provide written verification of financing source(s) as follows (failure to provide sufficient information to verify financial resources may result in disqualification to bid):
- a. If Applicant intends to obtain a loan, attach loan commitment letter from a recognized lending institution. To be considered, the letter **must** specify approved loan amount and what loan proceeds will be used for.
 - b. If Applicant is unable to or does not intend to secure a loan commitment and Applicant is an individual, husband and wife, sole proprietorship or partnership, attach Personal Financial Statement (Appendix C) for each individual and federal income tax returns for the most recent two years.
 - c. If Applicant is unable to or does not intend to secure a loan commitment and Applicant is a corporation or joint venture, attach corporate financial statements (current balance sheet and income/expense statements) and federal income tax returns for the most recent two years.

For questions 33-39: 1) if applying as an individual, husband and wife, sole proprietorship or partnership, "you" refers to all individuals involved, including all partners, and 2) if applying as a corporation or joint venture, "you" refers to the entity itself.

33. Are there any outstanding judgments against you? If yes, explain: Yes/No
-
-
34. Have you filed bankruptcy within the past seven years? Yes/No
35. Have you had property foreclosed upon or given title or deed in lieu thereof in the last seven years? Yes/No

36. Are you a party in any legal action? If yes, explain: Yes/No

37. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgement? If yes, provide details, including date, name and address of lender and reasons for the action: Yes/No

38. Are you presently delinquent or in default on any Federal, State or county rent, debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If yes, explain: Yes/No

Part V: Criminal Convictions

39. Have you ever been convicted of the crime of cruelty to animals and/or have you been convicted of a violation of law? If yes, explain: Yes/No

Part VI: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from bidding or my/our lease may be cancelled.

Applicant Name

Applicant Name

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Subscribed and sworn to before me this
____ day of _____, 19____.

Notary Public

County of: _____

State of: _____

My commission expires: _____

APPENDIX E

TAX CLEARANCE

Applicants must submit federal, State and County tax clearance certificates with their completed applications.

An original or certified copy of a tax clearance issued by the Hawaii State Department of Taxation and the Internal Revenue Service must be submitted with this application for the Applicant and all affiliated entities. "Affiliated entities" is defined as any entity having more than fifty percent (50%) interest in the bidding entity; any company more than fifty percent (50%) owned by a company having more than fifty percent (50%) interest in the bidding entity; or any entity in which the bidding entity has more than fifty percent (50%) interest. The bidder shall be responsible for obtaining the verifications for all affiliated companies.

The Applicant shall also obtain and submit the corresponding tax clearance certificates of the County of _____ pertaining to property taxes, special assessments or other County obligations.

The tax clearances submitted with your application must be valid on the advertisement date and any date thereafter up to the date of the auction.

APPENDIX B

APPLICATION AND QUALIFICATION QUESTIONNAIRE

(Business, Commercial, Industrial or Resort)

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number. **IMPORTANT: If Applicant answers "Yes" to either Question 9 and/or 10, then Applicant is required to complete only Questions 1-10 and Part VI.**

Part 1: General Information

1. Applicant's legal name as it would appear on the lease:

2. Applicant's full mailing address:

3. Applicant intends to bid on the following parcels:

Item: _____ Location: _____

Intended use: _____

Item: _____ Location: _____

Intended use: _____

Item: _____ Location: _____

Intended use: _____

4. Applicant intends to hold title to the lease as:

Type of owner (check one):

() Individual

() Husband and Wife

() Sole Proprietorship

() Joint Venture

() Partnership

() Corporation

Tenancy (check one, if applicable):

() Tenant in Severalty

() Joint Tenants

() Tenants in Common

() Tenants by Entirety

5. If Applicant is a partnership or joint venture, answer the following:

A. Name, address, & percentage share owned by each partner or joint venture member:

Name

Address

Share

B. Date of Organization: _____

C. General or Limited Partnership (if applicable): _____

D. Recorded: _____
County State Date

E. Currently registered in Hawaii: Yes/No If Yes, as of: _____

6. If Applicant is a corporation, answer the following:

A. When incorporated: _____

B. In what state or country: _____

C. Authorized to do business in Hawaii: Yes/No If Yes, as of: _____

D. Provide the name, address and shares of stock for each **officer** of the corporation:

President: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Vice-President: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Secretary: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Treasurer: Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Other: Name: _____ Title: _____
Address _____
Number of stock shares _____ Percentage of shares _____

E. Provide the name, address and shares of stock for each **member** of the corporation's **Board of Directors**:

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

Name _____
Address _____
Number of stock shares _____ Percentage of shares _____

- F. Provide the name, address and shares of stock for each **principal stockholder** which is not named in 6.D. and 6.E. above. (Principal stockholder means one holding 10% or more of the outstanding stock of the corporation.)

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

Name _____

Address _____

Number of stock shares _____ Percentage of shares _____

7. List all State of Hawaii leases, permits, licenses, easements, sales, etc. which the Applicant has been a party to, including as a director, officer or shareholder:

<u>Doc. No.</u>	<u>Type of Agreement</u>	<u>Term of Agreement</u>
_____	_____	_____
_____	_____	_____

8. Attach tax clearances from both the State of Hawaii and the county which the auctioned land is in (refer to Appendix E).

9. Is the Applicant registered with the U.S. Securities and Exchange Commission (SEC) and been a publicly traded corporation for at least the last three years? Yes/No

10. Has the Applicant received a loan within the last two years from an institution which is a member of the Federal Deposit Insurance Corporation (FDIC) or from any federal mortgage lending agency qualified to do business in Hawaii? Yes/No

If Yes, attach a copy of the loan agreement.

If Applicant answered "Yes" to Questions 9 and/or 10, Applicant may proceed directly to Part VI of this Application and Qualification Questionnaire Form.

If Applicant answered "No" to both Questions 9 and 10, Applicant is required to complete all remaining Questions.

Part II:

Qualifications and Experience

- 11.

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There is no handwriting or other markings on the paper.

Part III:

Business Plan

Complete one Business Plan for each item/parcel which you intend to bid on. (Copy and attach additional plans as needed.)

- 12.

- 14.

- 15.

16. What is the demand for your products in the near- and long-term?
-
-
-
17. Who are your primary customers and how will the products be distributed?
-
-
-
18. What is your pricing strategy?
-
-
-
19. How will you market your products?
-
-
-
20. Who are your major competitors and what is your competitive strategy?
-
-
-
21. Describe the proposed site development plan for the property, indicating the location and size of buildings, parking areas, landscaped areas, fencing and related uses. Attach sketch of plan.
-
-
-
22. What improvements to the land do you intend to make and at what cost?
-
-
-
-

23. Describe the proposed development schedule for the various improvements.

24. How will you finance the improvements?

25. Will you be subleasing any portion of the property? If yes, describe the sublease uses:

26. What is the most lease rent that you can pay before net profit will be zero?

\$ _____ per year

27. What problems are anticipated in carrying out this plan and how will you resolve them?

28. Attach a completed Cash Flow Projection. You must show **all** income and expenses applicable to your business for a five-year period. Appendix D provides a **sample** form. You may use your own format.

Part IV: Financial Capacity

29. All Applicants must provide written verification of financing source(s) as follows (failure to provide sufficient information to verify financial resources may result in disqualification to bid):

- a. If Applicant intends to obtain a loan, attach loan commitment letter from a recognized lending institution. To be considered, the letter **must** specify approved loan amount and what loan proceeds will be used for.
- b. If Applicant is unable to or does not intend to secure a loan commitment and Applicant is an individual, husband and wife, sole proprietorship or partnership, attach Personal Financial Statement (Appendix C) for each individual and federal income tax returns for the most recent two years.
- c. If Applicant is unable to or does not intend to secure a loan commitment and Applicant is a corporation or joint venture, attach corporate financial statements (current balance sheet and income/expense statements) and federal income tax returns for the most recent two years.

For questions 30-36: 1) if applying as an individual, husband and wife, sole proprietorship or partnership, "you" refers to all individuals involved, including all partners, and 2) if applying as a corporation or joint venture, "you" refers to the entity itself.

30. Are there any outstanding judgments against you? If yes, explain: Yes/No

31. Have you filed bankruptcy within the past seven years? Yes/No

32. Have you had property foreclosed upon or given title or deed in lieu thereof in the last seven years? Yes/No

33. Are you a party in any legal action? If yes, explain: Yes/No

34. Have you directly or indirectly been obligated on any loan which resulted in foreclosure, transfer of title in lieu of foreclosure, or judgement? If yes, provide details, including date, name and address of lender and reasons for the action: Yes/No

35. Are you presently delinquent or in default on any Federal, State or county rent, debt or any other loan, mortgage, financial obligation, bond, or loan guarantee? If yes, explain: Yes/No

Part V: Criminal Convictions

36. Have you ever been convicted of a violation of law? If yes, explain: Yes/No

Part VI: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from bidding or my/our lease may be cancelled.

Applicant Name

By: _____

Its: _____

Date: _____

Applicant Name

By: _____

Its: _____

Subscribed and sworn to before me this
_____ day of _____, 19____.

Notary Public

County of: _____

State of: _____

My commission expires: _____